Pondera County

EXHIBIT 11 DATE 5 M. 27, 2011

Pondera County Canal and Reservoir Company C-Canal Rehabilitation Project

The C-Canal is the main distribution canal for District 2 of the PCCRC irrigation system. District 2 draws water from Lake Frances which has the capacity of 130,000 acre-feet. In addition to providing water to the PCCRC, Lake Frances acts as a municipal water supply for the Town of Conrad and serves as a large recreation area for the region. Because it serves many purposes, Lake Frances is a crucial component to the economic success and survival of the surrounding communities. The PCCRC has recently taken significant steps to improve the dam and outlet facilities of the lake to ensure its structural integrity and existence for years to come. The PCCRC has now focused its efforts on improving the canal and lateral system to minimize conveyance losses and improve irrigation efficiency.

A 2,024 section of the C-Canal has been identified by the PCCRC as exhibiting extreme seepage. Approximately 10 acres of irrigated farmland in this area has been damaged due to soil salinity resulting from identified seepage losses in the reach. PCCRC took flow readings within the above mentioned stretch of canal during the months of July and August of the 2009 irrigation season. These flow readings showed a water loss of 0.5 cfs (37.2 million gallons per year) throughout the canal reach.

The proposed project is a pivotal step toward the conservation, management, development, and preservation of land and water resources within the PCCRC. Water losses currently result in a revenue reduction of approximately \$113,500 per year, which has a significant impact on the local economy. Implementation of the proposed rehabilitation measures will result in improved irrigation efficiency and increased yields, with potential to stimulate the local economy.

The installation of canal liner through the 2,024-foot section of the District 2's C-Canal will provide the following benefits:

- Reduced seepage
- Increased water delivery efficiency
- Increased on-farm irrigation efficiency
- Increased crop production
- Improved soil quality
- Help maximize the beneficial use of water in Lake Frances
- Preserve and revive the agricultural production on the acres adjacent to the project area affected by seepage caused soil salinity
- Conservation of water for recreation, fish, waterfowl, and wildlife habitat
- Conservation of water for a municipal water supply for the Town of Conrad
- Improved local and state tax base
- Increased public safety

Grant Request Amount: \$100,000.00
PCCRC Match Amount: \$25,000.00
Pondera CD Match Amount: \$1,000.00
Estimated Total Project Cost: \$126,481.25

PCCRC sincerely appreciates your consideration of this project and hopes that you will find it as important and necessary as our residents and your constituents have.

